

A Guide to the Business of Insurance and Reinsurance



Senglea, Malta

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

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The Guide to the Business of Insurance and Reinsurance is designed to assist promoters of insurance business to obtain an overview of the regulatory regime that applies in Malta.

This guide does not purport to provide more than an overview. Readers interested in obtaining more information about the establishment of insurance companies in Malta or about any related topic are invited to make contact with the Malta Financial Services Authority (MFSA).

INTRODUCTION

Insurance Business in Malta is regulated under the Insurance Business Act, 1998 ((hereinafter referred to as the “IBA”). The IBA provides for the authorisation and supervision of insurance and reinsurance undertakings, including captive insurance and captive reinsurance undertakings and the MFSA is the Competent Authority for the purposes of the IBA. The MFSA has the power and the duty to ensure that companies authorised to carry on the business of insurance comply with:

- (i) the provisions of the IBA;
- (ii) the provisions of any regulations made thereunder;
- (iii) the requirements determined by any Insurance Rules; and
- (iv) conditions of authorisation.¹

1. INSURANCE BUSINESS COMPANIES

1.1. AUTHORISATION

The MFSA may authorise an undertaking to carry on under the IBA:

- (a) in the case of an **undertaking whose head office is in Malta**, in or from Malta or in or from a country outside Malta;
- (b) in the case of a **third country** insurance undertaking or a third country reinsurance undertaking, in or from Malta, such of the classes of business of insurance specified in the Second or Third Schedule to the IBA, or such parts of those classes, as may be specified in the authorisation². The classes specified in the Second and Third Schedules are divided into direct general business and, or long term business, and are listed in Appendixes II and III of this document. Insurance business includes direct and reinsurance business.

An undertaking cannot be authorised to carry on both long term business and general business unless:

- the long term business is restricted to reinsurance;
- the general business carried on by the company is restricted to *accident and sickness* classes, or to any class or part of a class of business within that group³.

A request for the authorisation of an applicant should be made by submitting a duly completed Application Form along with supporting documents, in the form set out in the Schedules to Chapter 1 of the Insurance Rules. Furthermore, the competent authority may require any additional documents as it deems necessary⁴.

The MFSA is bound to determine an application within 6 months of receiving the application form but this period is reduced to 3 months where the authorisation sought is restricted to reinsurance or captive insurance or reinsurance⁵.

An authorisation entitles an undertaking whose head office is in Malta to carry on business of insurance in a Member State or EEA State, in exercise of a European right, subject to a notification to the MFSA as determined in accordance with the European Passport Rights for Insurance and Reinsurance Undertakings Regulations⁶.

If an undertaking, which already holds an authorisation to carry on business of insurance or reinsurance in a class or classes of insurance, intends to extend its business to a class or to classes of business other than those classes for which it is already authorised, further authorisation is required⁷.

An authorised undertaking whose head office is in Malta⁸ may, with the approval of the MFSA given in writing -

- (a) open a branch in Malta;
- (b) appoint:

¹ Article 3 IBA.

² Article 7(1) IBA.

³ Article 9 of IBA.

⁴ Article 7(5) IBA.

⁵ Articles 7(9) and 7(10) of IBA.

⁶ S.L.403.14.

⁷ Article 7(4) of IBA.

⁸ Authorised undertaking means an insurance undertaking or a reinsurance undertaking.

- (i) an insurance manager; or
- (ii) an insurance agent; or
- (iii) both an insurance manager and an insurance agent⁹.

1.1.1 Authorisation Requirements for applicants with a head office in Malta

Before granting an authorisation the MFSA will need to be satisfied that:

- the undertaking has made an application in writing on the prescribed form¹⁰;
- the undertaking's objects are limited to business of insurance and operations arising directly therefrom to the exclusion of other commercial business;
- sufficient information is made available on persons having any proprietary, financial or other interest in, or in connection with, the undertaking;
- all qualifying shareholders, controllers, and all persons who will effectively direct the business of insurance are fit and proper¹¹ to ensure the undertaking's sound and prudent management;
- a scheme of operations has been submitted;
- that the undertaking discloses any close links that it may have with any other person¹²;
- the undertaking's own funds are at all times appropriate for the type of business to be carried on or being carried on by the undertaking¹³;
- the undertaking shows evidence that it will be in a position to hold eligible own funds to cover the Solvency Capital Requirement;
- the undertaking shows evidence that it will be in a position to hold eligible basic own funds to cover the Minimum Capital Requirement;
- the undertaking shows evidence that it will be in a position to comply with the system of governance¹⁴.

The scheme of operations must:

- a. describe clearly the applicant's business strategy, including underwriting, general pricing and market penetration strategies;
- b. include financial projections with appropriate scenarios, including realistic, optimistic and pessimistic scenarios;
- c. as at the end of each financial year which falls within the period to which the scheme of operations relates, describe the assumptions which underlie those forecasts, the reasons for adopting those assumptions and the accounting policies on which the projections are based;
- d. be accompanied by a report of an approved auditor or the undertaking's auditor, as the case may be, on the adequacy of the undertaking's business plan and that it has been properly prepared on the basis of the assumptions stated. In the case of an undertaking which is managed by an insurance manager, the said report may be drawn up by the undertaking's manager; and
- e. in the case of long term with-profits business in terms of class I and III as specified in the Second Schedule to the IBA be accompanied also by a report of the undertaking's actuary, appointed for the purposes of article 22 of the IBA, on the adequacy of the undertaking's policy of reserving.

The scheme of operations needs to be signed by a person who holds a warrant of a certified public accountant under the Accountancy Profession Act (Cap.281), or is a Fellow of an Institute of Actuaries or a Fellow of a Faculty of Actuaries, or in each case, holds professional qualifications of similar standing of an institute of repute recognised by the MFSA.

1.1.2 Authorisation Requirements for Non-EU insurance companies

The MFSA will not issue an authorisation to a third country insurance undertaking or third country reinsurance undertaking unless the undertaking -

⁹ Article 10(2) of IBA.

¹⁰ Vide: Chapter 1 of Part A of the Insurance Rules on Authorisation Requirements Applicable under the Insurance Business Act.

¹¹ Vide: Chapter 2 of Part A of the Insurance Rules on Fit and Proper Criteria, Notification and Assessment.

¹² Chapter 3 of Part A of the Insurance Rules on Prudential assessment of acquisitions and increase of holdings in authorised undertakings

¹³ Chapter 5 of Part B of the Insurance Rules on valuation of assets and liabilities, technical provisions, own funds, Solvency Capital Requirement, Minimum Capital Requirement and investment rules.

¹⁴ Article 8 of IBA.

- (a) is permitted in the country where its head office is situated to carry on the business of insurance which forms the object of the application;
- (b) has in Malta at all times:
- (i) a general representative; and
 - (ii) a branch;
- (c) undertakes to set up at the place of management of the branch, accounts specific to the business of insurance which it carries on in Malta, and to maintain there all the records relating to the business carried on;
- (d) undertakes to cover the Solvency Capital Requirement and the Minimum Capital Requirement;
- (e) submits a scheme of operations;
- (f) fulfils governance requirements¹⁵,
- (g) establishes adequate technical provisions to cover the obligations arising from the business carried out by the branch in Malta, and
- (h) values assets and liabilities and determines own funds in accordance with the applicable Insurance Rules.

A general representative required as aforementioned must fulfil the following requirements:

- must be a person resident in Malta or a company whose head office is in Malta and the company must itself have an individual representative resident in Malta;
- must be authorised to act generally and to accept service of any documents on behalf of the company;
- must not be the approved auditor or a partner or an employee of the approved auditor of the company¹⁶.

1.2. OWN FUNDS REQUIREMENTS

Pursuant to article 14 of the IBA, the own funds of an authorised undertaking must comprise the sum of basic own funds and ancillary own funds. The amounts of ancillary own fund items that can be taken into account when determining own funds is subject to the prior written approval by the MFSA¹⁷.

The basic own funds of an authorised undertaking consist of the following items:

- (a) the excess of assets over liabilities¹⁸, less the amount of own shares held by the undertaking; and
- (b) subordinated liabilities.

The ancillary own funds of an authorised undertaking consist of items (other than basic own funds) which can be called up to absorb losses, including the following (to the extent that they are not items of basic own-funds):

- (a) unpaid share capital that has not been called up;
- (b) letters of credit and guarantees¹⁹.

1.3. SOLVENCY CAPITAL REQUIREMENT

An authorised undertaking must hold enough eligible own funds to cover the Solvency Capital Requirement. The Solvency Capital Requirement should be calculated either in accordance with a standard formula or using a full or partial internal model as approved by the MFSA. Both the standard formula as well as the process for the approval of the use of an internal model are set out in the relevant sections of Chapter 5 of Part B of the Insurance Rules *on valuation of assets and liabilities, technical provisions, own funds, solvency capital requirement, minimum capital requirement and investment rules*.

An authorised undertaking which fails to comply with the above requirement should immediately inform the MFSA as soon as it observes that the Solvency Capital Requirement is no longer complied with, or where there is a risk of non-compliance in the following three months. Within two months from the observation of non-compliance with the Solvency Capital Requirement, the authorised undertaking should submit a realistic recovery plan in accordance with Insurance Rules for

¹⁵ *Vide* Article 11(2).

¹⁶ Article 11 of IBA.

¹⁷ Article 14(2) IBA

¹⁸ (valued in accordance with paragraphs 5.2.1 to 5.3.47, the EU Commission Delegated Regulation and any regulatory and implementing technical standards issued pursuant to Article 86 of the Solvency II Directive)

¹⁹ In this regard, reference should be made to Chapter 5 of Part B of the Insurance Rules *on valuation of assets and liabilities, technical provisions, own funds, Solvency Capital Requirement, Minimum Capital Requirement and investment rules*.

approval by the MFSA. The MFSA will allow the undertaking concerned six months from the observation of non-compliance with the Solvency Capital Requirement, to re-establish the level of eligible own funds covering the Solvency Capital Requirement or to reduce the risk profile of the undertaking to ensure compliance with the Solvency Capital Requirement. The MFSA may, where appropriate, extend that period by a further three months.

1.4. MINIMUM CAPITAL REQUIREMENTS

An authorised undertaking is required to hold eligible basic own funds to cover the minimum capital requirement²⁰. The minimum capital requirement must be calculated in accordance with the provisions prescribed in section 5.6 of Chapter 5 of Part B of the Insurance Rules *on valuation of assets and liabilities, technical provisions, own funds, Solvency Capital Requirement, Minimum Capital Requirement and investment rules*. An authorised insurance or reinsurance undertaking must immediately inform the competent authority where it observes that the minimum capital requirement is no longer complied with or where there is a risk of non-compliance in the following three months. Within one month from the observation of non-compliance with the minimum capital requirement, the undertaking concerned is required to submit, for approval by the MFSA, a short-term realistic finance scheme, in accordance with Insurance Rules issued under article 18A, to restore, within three months of that observation, the eligible basic own funds, at least to the level of the minimum capital requirement or to reduce its risk profile to ensure compliance with the minimum capital requirement.

1.5. TECHNICAL PROVISIONS

Undertakings authorised to carry on business of insurance or reinsurance are to establish and maintain adequate technical provisions, with respect to all of their insurance and reinsurance obligations towards policyholders and insureds of insurance and reinsurance contracts²¹. The value of technical provisions are determined in accordance with the relevant provisions of Chapter 5 of Part B of the Insurance Rules *on valuation of assets and liabilities, technical provisions, own funds, Solvency Capital Requirement, Minimum Capital Requirement and investment rules*. The assets covering the technical provisions are to be held in such a way so as to secure the safety, yield and marketability of its investments, which are to be diversified and adequately spread. The value of technical provisions shall correspond to the current amount that an authorised undertaking would have to pay if it was to transfer its obligations immediately to another authorised undertaking or another undertaking authorised under Article 14 of the Solvency II Directive.

1.6. CUSTODY OF ASSETS TO BE MAINTAINED IN MALTA

Pursuant to article 11(4) a third country undertaking is required to maintain in Malta a specified amount of eligible own funds at all times and deposit a specified proportion of such own funds as prescribed under article 18G. In terms of the Insurance Business (Custodian of Assets) Regulations²², the authorised undertaking must deposit such assets with a custodian of assets and such person shall hold such assets in custody for the company's account in accordance with written arrangements made between the company, that person and the Authority. The MFSA shall at all times have the right to demand from such person any information it may require to ensure that the provisions of the law are being complied with.

1.7. SYSTEMS OF GOVERNANCE

The Board of Directors of an authorised undertaking is ultimately responsible for the compliance by the undertaking concerned with the IBA, regulations, and Insurance Rules issued thereunder, including any other obligations pursuant to the Solvency II Directive.

An authorised undertaking must:

- (a) ensure that all persons who effectively run the undertaking or have other key functions, at all times, satisfy the fit and proper criteria;

²⁰ Article 17(1) IBA.

²¹ Article 18E(1) IBA.

²² S.L. 403.02

- (b) have in place an effective risk management system, including a risk management function;
- (c) as part of its risk management system, conduct its own risk and solvency assessment;
- (d) have in place an effective internal control system, which shall include a compliance function;
- (e) provide for an effective internal audit function;
- (f) provide for an effective actuarial function; and
- (g) if it outsources any of its functions or any insurance or reinsurance activities, remain fully responsible for discharging all of its obligations under this Act.

The system of governance must be proportionate to the nature, scale and complexity of the operations of the authorised undertaking²³.

1.8. FIT AND PROPER TEST

An authorised undertaking shall ensure that all persons who effectively run the undertaking or have other key functions are at all times “fit and proper” persons. The “fit and proper” test is one which the undertaking and the persons concerned must satisfy on a continuing basis. In deciding whether a person is “fit and proper”, an authorised undertaking should be satisfied that the person:

- (a) has the personal characteristics, including that of being of good repute and integrity (proper);
- (b) has the professional qualifications, and possesses the adequate level of competence, knowledge and experience (fit),

required to enable such person to carry out his duties and perform his or her key function effectively and to enable sound and prudent management of the undertaking²⁴.

1.9. AUTOMATIC REVOCATION OF A LICENCE

An authorisation issued or held under this Act shall automatically be revoked if the authorised insurance or reinsurance undertaking -

- (a) is declared bankrupt or goes into liquidation or makes a composition with its creditors or is otherwise dissolved; or
- (b) has ceased to operate as a result of a merger with another undertaking carrying on business of insurance or for any other reason whatsoever; or
- (c) is a third country insurance or reinsurance undertaking, and the overseas regulatory authority in the country of registration, incorporation or constitution withdraws the authorisation from the undertaking.

1.10. POWER TO SUSPEND OR REVOKE A LICENCE

Without prejudice to anything contained in any other provision of this Act, the competent authority may at any time suspend or revoke an authorisation issued or held under this Act if -

- (a) any document or information accompanying an application for authorisation, or any information given in connection therewith, is false, incorrect or misleading in any material particular, or if the authorised insurance or reinsurance undertaking has concealed, or conceals from, or fails to notify to the competent authority any document or information or change therein which it was its duty to reveal or to notify under this Act and any regulations, or any Insurance Rules made thereunder; or
- (b) the authorised insurance or reinsurance undertaking ceases to carry on the business for which the authorisation was issued for more than six months; or
- (c) the authorised insurance or reinsurance undertaking suspends payment or is about to suspend payment; or
- (d) it considers that the authorised insurance or reinsurance undertaking does not fulfil or comply with the requirements of, or has contravened, any of the provisions of this Act and any regulations made thereunder, or

²³ Articles 18H and 18I of IBA.

²⁴ Vide: Chapter 2: Fit and Proper Criteria, Notification and Assessment.

any Insurance Rule, or has failed to satisfy or comply with any condition to which it or the authorisation held by it is subject by virtue of or under this Act; or

(e) it considers that any of the directors, the controllers and any other person who effectively directs the business the undertaking is authorised to carry on is no longer a fit and proper person to ensure its sound and prudent management; or

(f) it receives a written request so to do from the authorised insurance or reinsurance undertaking; or

(g) the authorised insurance or reinsurance undertaking does not commence to carry on business pursuant to the authorisation within twelve months of its issue; or

(h) the authorised insurance or reinsurance undertaking no longer possesses sufficient own funds as determined in article 14; or

(i) the authorised insurance or reinsurance undertaking does not comply with the Minimum Capital Requirement and the competent authority considers that the finance scheme submitted is manifestly inadequate or the undertaking concerned fails to comply with the approved scheme within three months from the observation of non-compliance with the Minimum Capital Requirement;

(j) the authorised insurance or reinsurance undertaking is likely to become unable to meet its obligations or can no longer be relied upon to fulfil or satisfy its obligations towards insureds, policyholders, creditors or other interested persons; or

(k) close links exist between the authorised insurance or reinsurance undertaking and another person, and the competent authority is prevented from exercising its supervisory functions effectively either by reason of those close links or by reason of any law, regulation or administrative provision of a country outside Malta governing that other person, or by reason of difficulty in their enforcement; or

(l) any of the circumstances under which the competent authority would have been precluded from issuing an authorisation under this Act, materialises itself or where under this Act it would have been entitled to refuse to issue such authorisation.

2. ACCOUNTS, ACTUARIAL INVESTIGATION AND FINANCIAL STATEMENTS

Every undertaking whose head office is in Malta applying for authorisation under article 7 of IBA to carry on business of insurance in or from Malta is required to notify the MFSA in writing of its financial year; and, failing such notice, the undertaking's financial year will be deemed to terminate on the thirty-first day of December of each year. An authorised undertaking may only alter its financial year with the approval of the MFSA.

The preparation of audited accounts and publication of such accounts in an abridged form is to take place not later than 6 months from the end of the financial year. The form and content of financial statements is to be prepared in accordance with the *Insurance Business (Companies Accounts) Regulations*²⁵.

Authorised undertakings are required to appoint an approved auditor. An approved auditor is a person who holds the authorisation issued to him in accordance with *Insurance Business (Approved Auditors) Regulations*²⁶. If an undertaking fails to appoint an auditor, the MFSA will appoint an auditor for the undertaking and determine the remuneration to be paid by the undertaking. The MFSA may require an authorised undertaking to change the auditor if in the MFSA's opinion he is considered unfit for the appointment²⁷.

Undertakings carrying on long term business in classes I and III are to appoint an approved actuary as actuary to the undertaking. An approved actuary is a person who:

- (i) is a Fellow of an Institute of Actuaries, or a Fellow of a Faculty of Actuaries, or holds actuarial qualifications of similar standing of an institute of repute recognised for such purposes by the MFSA and has the required skill and holds appropriate practical experience to perform his functions as an actuary;

²⁵ *Insurance Rule 12 of 2007*.

²⁶ S.L. 403.09.

²⁷ Article 21(1) IBA.

(ii) is approved by the MFSA to act as actuary to a company authorised to carry on long term business²⁸.

At the close of its financial year, require the approved actuary is to provide a report in respect of the period covered by the report affecting those classes of with-profits business of the undertaking, together with the audited financial statements²⁹.

3. PROTECTION AND COMPENSATION FUND

An authorised insurance undertaking carrying on business of insurance in relation to risks situated in Malta or where Malta is the country of the commitment is required to contribute to the Protection and Compensation Fund as established by the provisions of the IBA and the Protection and Compensation Fund Regulations³⁰ (the Fund).

The aforementioned regulations specify the amount of contribution to be paid to the Fund and in respect of which classes of business of insurance such contributions are to be made. Undertakings carrying on business of reinsurance or captive insurance are excluded from making a contribution to the Fund.

The Fund is established:

- for the payment of claims in respect of risks situated in Malta and of commitments where Malta is the country of the commitment remaining unpaid by reason of the insolvency of an authorised company; and
- for the payment of compensation to victims of road traffic accidents.

4. CAPTIVES

The IBA defines a “captive insurance undertaking” as meaning an authorised insurance undertaking owned either by a financial undertaking other than an insurance or reinsurance undertaking or a group or a group of insurance or reinsurance undertakings within the meaning of article 2 of the IBA, or by a non-financial undertaking, the purpose of which is to provide insurance cover exclusively for the risks of the undertaking or undertakings to which it belongs or of an undertaking or undertakings of the group of which it is a member³¹.

The detailed regulatory provisions on captives are contained in subsidiary legislation. The main piece of subsidiary legislation in this area is the Insurance Business (Captive Insurance Undertakings and Captive Reinsurance Undertakings) Regulations³². These Regulations modify the application of certain provisions of the IBA to captive insurance undertakings and captive reinsurance undertakings. Particularly Article 7(9) of the IBA applies as if for the period of six months prescribed therein there is substituted the period of three months. Also, Article 10(2) of the Act applies only to the extent that a captive insurance undertaking or a captive reinsurance undertaking may, with the approval of the competent authority given in writing, appoint an insurance manager.

5. PROTECTED CELL COMPANIES

Malta’s legislative framework contemplates the establishment of Protected Cell Companies (“PCCs”). The legal framework applicable to PCCs comprises of the:

²⁸ Article 22(1) IBA.

²⁹ Article 23(1) IBA.

³⁰ S.L. 403.13.

³¹ Article 2(1) IBA.

³² S.L. 403.11.

- i. Insurance Business Act; and
- ii. the Companies Act (Cell Companies Carrying on Business of Insurance) Regulations [the PCC Regulations]³³.

The PCC Regulations define a cell company as a “company ... creating within itself one or more cells for the purposes of segregating and protecting the cellular assets of the company” A company may be formed or constituted as a cell company to carry on business of insurance. Alternatively, a company carrying on business of insurance may, if so authorised by its memorandum and articles of association, be converted into a cell company.

A PCC is a single legal entity. It is structured in two parts namely, a non-cellular part (the core) and an unlimited number of cells. Despite the segregation of assets and liabilities that exists between cells and the core and among the cells themselves, a cell has no separate legal identity. Within a PCC structure, the cells are approved to write insurance. The core may or may not be authorised to write insurance. The core maintains and controls all the activities of the PCC. A PCC has one board of directors which has ultimate responsibility for the company, and its cells.

The PCC Regulations stipulate some basic requirements applicable to the memorandum and articles of association of the PCC which must be fulfilled and which go beyond those prescribed in the Companies Act applicable to ordinary limited liability companies. Particularly, the PCC Regulations provide that a PCC must invariably include the expression ‘*Protected Cell Company*’ or ‘*PCC*’ in its designation whilst each individual cell must have its own distinctive name or designation. Furthermore, the memorandum and articles of association of a cell company must state it is a cell company.

A cell company must also inform, in writing, any person with whom it transacts business of insurance that it is a cell company. In addition, for the purposes of that transaction, the cell company shall identify or specify the cell in respect of which that person is transacting, unless that transaction is not a transaction in respect of a particular cell.

The assets of a cell company shall be either cellular or non-cellular assets. Each cell holds its own separate assets and liabilities. Cellular creditors only have a claim upon the cellular assets of that particular cell and have a right of secondary recourse to the core assets once the protected cell’s assets have been fully exhausted. Furthermore, such cellular assets are protected from the creditors of the company who are not creditors in respect of that cell and who accordingly are not entitled to have recourse to the cellular assets attributable to that cell.

The directors of a PCC have the duty to keep cellular assets separate and separately identifiable from non-cellular assets; and cellular assets attributable to each cell separate and separately identifiable from cellular assets attributable to other cells. A cell company may issue cell shares in respect of any of its cells, the proceeds of the issue of which (“cell share capital”) shall be comprised in the cellular assets attributable to the cell in respect of which the cell shares were issued.

Insurance business is a regulated activity and therefore a company can only be formed as a PCC with the prior authorisation of the MFSA, and cells can only be created following a written approval by the MFSA. Within a PCC each cell constitutes a ‘ring-fenced fund’ for the purposes Solvency 2³⁴.

6. DUTY ON DOCUMENTS AND TRANSFERS

Duty is not chargeable under the Duty on Documents and Transfers Act, 1993, on any contract of insurance relating to a risk situated outside of Malta.

³³ S.L. 386.10.

³⁴ *Vide* Guidance Note Solvency requirements in relation to Protected Cell Companies, 2013.

APPENDIX I

APPLICATION, PERMIT AND ANNUAL SUPERVISORY FEES

Group A		
	Fees	Minimum Fee
Application for authorisation to carry on:	€	€
1. Business of insurance only/ business of reinsurance only/ business of insurance and reinsurance: (a) long term business (b) general business	500 per class 300 per class	5,000 3,500
2. Business of affiliated insurance or affiliated reinsurance	5,000	
3. Business of reinsurance in the classes already authorised for business of insurance or business of insurance in the classes already authorised for business of reinsurance: (a) long term business (b) general business	250 per class 150 per class	2,500 1,750
Group B		
Application for authorisation to act as an approved auditor: (a) Individual (b) Partnership	300 750	
Group C		
Application for permits to:	500	
1. Open a branch in Malta		
2. Cease to carry on and subsequently to service: a. Business of insurance only/ business of reinsurance only/ business of insurance and reinsurance: i. long term business ii. general business b. business of affiliated insurance of affiliated reinsurance	400 per class 150 per class 2,500	2,000 2,000
3. Carry on business of insurance in Malta by a Mutual Association	1,000	
Group D		
Application for authorisation to:		
1. Carry on business of insurance as a cell company	6,500	
2. Create a new cell to carry on business of insurance		
3. Carry on business as a reinsurance special purpose vehicle	2,500	
4. Assume additional risk transfer arrangements by an authorised reinsurance special purpose vehicle	1,000 per contract 1,000 per contract	6,500
Group E		

Approval of a scheme to transfer general business	0.02% of Gross Premium of the last financial year	3,250
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Annual Supervisory and Annual Permit Fees		Fee €
1.	Annual supervisory fee for authorisation to carry on business of affiliated insurance or reinsurance	6,500
2.	Annual supervisory fee for cell companies that do not issue insurance contracts from the non-cellular section of the cell company	3,250
3.	Annual supervisory fee for cells carrying on exclusively business of affiliated insurance	3,250
4.	Annual supervisory fee for reinsurance special purpose vehicles	6,500
5.	Annual supervisory fee to continue to act as an approved auditor:	
	a. Individual	300
	b. Partnership	750
6.	Permit fees to service:	
	a. General business	2,000
	b. Business of affiliated insurance or affiliated reinsurance	2,000
	c. Business of reinsurance (solely and exclusively)	2,000
7.	Permit fees to maintain a branch in Malta	500
8.	Permit fees for a Mutual Association to continue to carry on business of insurance in Malta	1,500

Annual Supervisory fees for companies required to submit Insurance Business Statements	
Gross premiums receivable	€
Up to and including €1,000,000	3,250 (minimum fee)
Over €1,000,000 up to and including €2,500,000	7,500
Over €2,500,000 up to and including €3,500,000	8,500
Over €3,500,000 up to and including €5,000,000	10,000
Over €5,000,000 up to and including €7,500,000	14,000
Over €7,500,000 up to and including €12,000,000	16,250
Over €12,000,000 up to and including €25,000,000	19,500
Over €25,000,000 up to and including €35,000,000	26,000
Over €35,000,000 up to and including €50,000,000	29,000
Over €50,000,000 up to and including €70,000,000	31,500
Over €70,000,000 up to and including €100,000,000	36,500
Over €100,000,000 up to and including €150,000,000	43,000
Over €150,000,000	50,000

Annual supervisory fees payable by a European Insurance Undertaking	
<i>Gross Premiums receivable:</i>	€
Up to and including €2,500,000	6,000 (minimum fee)
Over €2,500,000 up to and including €3,500,000	7,000
Over €3,500,000 up to and including €5,000,000	8,250
Over €5,000,000 up to and including €7,500,000	11,500
Over €7,500,000 up to and including €12,000,000	13,000
Over €12,000,000 up to and including €25,000,000	17,000
Over €25,000,000	25,000

APPENDIX II

CLASSES OF LONG TERM BUSINESS

Schedule 2 to the Insurance Business Act

Number	Class	Description
I	Life and annuity	Effecting and carrying out contracts of insurance on human life or contracts to pay annuities on human life, but excluding (in each case) contracts within class III of Schedule II to the Insurance Business Act.
II	Marriage and birth	Effecting and carrying out contracts of insurance to provide a sum on marriage or on the birth of a child, being contracts expressed to be in effect for a period as may be specified by the Insurance Rule.
III	Linked long term	Effecting and carrying out contracts of insurance on human life or contracts to pay annuities on human life where the benefits are wholly or partly to be determined by reference to the value of, or the income from, property of any description (whether or not specified in the contracts) or by reference to fluctuations in, or in an index of, the value of property of any description (whether or not so specified).
IV	Permanent health	<p>Effecting and carrying out contracts of insurance providing specified benefits against risks of persons becoming incapacitated in consequence of sustaining injury as a result of an accident or of an accident of a specified class or of sickness or infirmity, being contracts that -</p> <p>(a) are expressed to be in effect for a period as may be specified by the Insurance Rule, or until the normal retirement age for the persons concerned, or without limit of time, and</p> <p>(b) either are not expressed to be terminable by the insurer, or are expressed to be so terminable only in special circumstances mentioned in the contract.</p> <p>Effecting and carrying out tontines.</p> <p>Effecting and carrying out capital redemption contracts.</p>
V	Tontines	
VI	Capital redemption	Effecting and carrying out -

Appendix II
Classes of Long Term Business

VII	Pension fund management	(a) contracts to manage the investments of pension funds, or (b) contracts of the kind mentioned in paragraph (a) above that are combined with contracts of insurance covering either conservation of capital or payment of a minimum interest.
VIII	Collective insurance	Effecting and carrying out contracts of a kind as may be specified by the Insurance Rule.
IX	Social insurance	Effecting and carrying out contracts of a kind as may be specified by the Insurance Rule.

APPENDIX III

GENERAL BUSINESS –PARTS I & II

Schedule III to the Insurance Business Act

Part I

Number Class

- 1 Accident (including industrial injury and occupational diseases)**
(a) fixed pecuniary benefits;
(b) benefits in the nature of indemnity;
(c) combinations of the two;
(d) injury to passengers.
- 2 Sickness**
(a) fixed pecuniary benefits;
(b) benefits in the nature of indemnity;
(c) combination of the two.
- 3 Land vehicles (other than railway rolling stock)**
All damage to or loss of:
(a) land motor vehicles;
(b) land vehicles other than motor vehicles.
- 4 Railway rolling stock**
All damage to or loss of railway rolling stock.
- 5 Aircraft**
All damage to or loss of aircraft.
- 6 Ships (sea, lake and river and canal vessels)**
All damage to or loss of:
(a) river and canal vessels;
(b) lake vessels;
(c) sea vessels.
- 7 Goods in transit (including merchandise, baggage, and all other goods)**
All damage to or loss of goods in transit, or baggage, irrespective of the form of transport.
- 8 Fire and natural forces**
All damage to or loss of property (other than property included in classes 3, 4, 5, 6 and 7) due to:
(a) fire;
(b) explosion;
(c) storm;
(d) natural forces other than storm;
(e) nuclear energy;
(f) land subsidence.
- 9 Other damage to property**
All damage to or loss of property (other than property included in classes 3, 4, 5, 6 and 7) due to hail or frost, and any event such as theft, other than those falling within class 8.
- 10 Motor vehicle liability**
All liability arising out of the use of motor vehicles operating on the land (including carrier's liability).

- 11 Aircraft liability**
All liability arising out of the use of aircraft (including carrier's liability).
- 12 Liability for ships (sea, lake and river and canal vessels)**
All liability arising out of the use of ships, vessels or boats on the sea, lakes, rivers or canals (including carrier's liability).
- 13 General liability**
All liability other than those falling within classes 10, 11 and 12.
- 14 Credit**
(a) insolvency (general);
(b) export credit;
(c) instalment credit;
(d) mortgages;
(e) agricultural credit.
- 15 Suretyship**
(a) suretyship (direct);
(b) suretyship (indirect).
- 16 Miscellaneous financial loss**
(a) employment risks;
(b) insufficiency of income (general);
(c) bad weather;
(d) loss of benefits;
(e) continuing general expenses;
(f) unforeseen trading expenses;
(g) loss of market value;
(h) loss of rent or revenue;
(i) indirect trading losses other than those specified above;
(j) other financial loss (non-trading);
(k) other financial loss (not specified in (j) above).
- 17 Legal expenses**
Legal expenses (including costs of litigation).
- 18 Assistance**
(a) assistance for persons who get into difficulties while travelling, while away from home or while away from their permanent residence;
(b) assistance in other circumstances.

Part II: Groups of Classes

Number	Description	Composition
1	Accident and Health	Classes 1 and 2
2	Motor	Classes 1 (d), 3, 7 and 10
3	Marine and Transport	Classes 1 (d), 4, 6, 7 and 12
4	Aviation	Classes 1 (d), 5, 7 and 11
5	Fire and other	Classes 8 and 9

Damage to Property

6	Liability	Classes 10, 11, 12 and 13
7	Credit and Suretyship	Classes 14 and 15
8	General	All classes

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